

**Managed Risk Medical Insurance Board
December 17, 2003, Meeting**

Board Members Present: Cliff Allenby, Areta Crowell, Ph.D.,
Richard Figueroa, Virginia Gotlieb, M.P.H.

Ex Officio Members Present: Jack Campana, Ed Mendoza

Staff Present: Lesley Cummings, Joyce Iseri, Laura
Rosenthal, Lorraine Brown, Irma Michel, Tom
Williams, Ernesto Sanchez, JoAnne French,
Becky Villa

REVIEW AND APPROVAL OF MINUTES OF NOVEMBER 19, 2003, MEETING

A motion was made and unanimously passed to approve the minutes of the November 19, 2003, meeting.

BUDGET UPDATE

Tom Williams introduced Glenn Hair, MRMIB's new chief of the budget and fiscal unit. Mr. Williams then presented an update on the budget. To address the budget deficit, Governor Schwarzenegger called a special session of the legislature to work on his proposed mid-year spending reduction and debt service bonds. The proposed spending reduction affects MRMIB programs in two ways. It would limit enrollment in the Healthy Families Program (HFP) effective January 1, 2004, to the number of subscribers enrolled as of December 31, 2003. It would also revert back to the general fund \$2.3 million in prior year appropriations for HFP and Access to Infants and Mothers (AIM). The proposed cap does not apply to infants born to women who become AIM subscribers on or after July 1, 2004, to be enrolled in HFP. There is no sunset date specified in the proposal.

The enrollment cap allows slots vacated by disenrollments to be filled by applicants from a waiting list, as opposed to an enrollment freeze which would bar any new enrollments. Children on the waiting list would be enrolled on a first-come, first-served basis with no provision for special needs.

Staff estimates the enrollment cap would be approximately 732,000, including pending applications. This could increase to 737,000 assuming approximately 5,000 infants born to AIM mothers enroll in HFP during the current budget year. Based on the November enrollment estimate, the cap will result in 22,000 less

children enrolled by the end of the current year, and 114,000 less by the end of the budget year. Based on the current rate of disenrollment, it is estimated that:

- In January 2004 there would be 9,000 on the waiting list with an average wait of one month,
- By June 30, 2004, there would be 56,000 on the waiting list with an average wait of four months, and
- By June 30, 2005, there would be 159,000 children on the waiting list with an average wait of eight months.

The figures could be higher if the rate of disenrollment decreases, as experienced by other states that implemented an enrollment cap. Any estimated savings in the current year would be offset by the additional administrative costs related to implementing and maintaining a waiting list. The estimated savings for the budget year are \$83.9 million (\$31.5 million general funds and \$52.4 million federal funds). Mr. Williams pointed out that unspent federal funds would revert back to the federal government. Year-end enrollment for HFP and AIM was approximately 1% lower than projected, resulting in a savings of \$2.3 million in general funds, representing less than 1% of the \$261.6 million in state funds appropriated for 2002-03.

Chairman Allenby asked if the proposed enrollment cap is in bill form.

Ms. Cummings said no. She added that subscribers have not been disenrolling for fear they would not be able to get back into the program. Mr. Figueroa asked if, as a result of some people going off the waiting list, the net impact would be 113,000 children on the waiting list. Mr. Williams replied yes.

Ms. Gotlieb said that, while the Board is cognizant of the state's fiscal situation, it is legally mandated to manage a program that is very critical to the lives of California's children. There have been significant studies correlating health status to learning ability, the labor force, and social issues. HFP is not only critical, but cost effective, especially since the state draws \$2 in SCHIP federal funds for every \$1 in state funds. Ms. Gotlieb made a motion directing staff to draft a letter to the Governor for the Board's signature expressing its concern about restricting enrollment into HFP. She indicated the importance of maintaining the state's leverage with federal funding. She also noted that eight months on a waiting list is equivalent to a child's entire school year. Dr. Crowell seconded the motion. Mr. Figueroa inquired whether it might be better to wait a month so that the letter could also address any concerns with proposals in the 2004/5 budget. Ms. Gotlieb indicated it should be sent now so it can be taken into consideration during early budget discussions. She suggested the Board review the letter before it is sent in case they want to revise it. Chairman Allenby agreed now was the best time to send it so the legislature has an opportunity to

take into consideration the Board's concerns about negative impacts on a program that is so beneficial to California.

Mr. Mendoza asked if staff was aware of the consequences of enrollment caps in other states. Ms. Cummings said staff has had phone conferences with other states and was told that there was tremendous public outcry. Some states indicated they would never take such measures again. She noted that this Board has gone through the experience of closing a program (AIM). Chairman Allenby agreed it was very unpleasant. Mr. Figueroa said he was MRMIB's enrollment deputy at the time and he recalls how unpleasant the experience was.

Mr. Campana asked if the other states that instituted caps on enrollment limited the length of the wait, for example, for no more than 60 days. Ms. Iseri said one state used to have a cap, and five states currently have caps. She described the differences in the way these states have managed their restrictions on enrollment.

Ms. Gotlieb underscored it would be a shame for this state and the lives of its children for such a good cause to lose funding. Dr. Crowell amended the motion, suggesting that in addition to addressing the letter to the Governor, a copy be delivered to members of the legislature. Chairman Allenby clarified that each member of the legislature would get their own separate copy. The motion was unanimously passed.

Chairman Allenby asked if there were any further questions or public comment.

Isabelle White, Children's Defense Fund, said there are children with health issues, such as diabetes and asthma, that can not wait for health care. Even children who are well should not wait for routine check-ups. HFP is an extremely cost-effective program, especially with the federal match. They have been working with parents and advocates to make sure the enrollment cap does not go into effect. They had a very successful press conference two weeks ago which indicates to them the public realizes HFP is a crucial program. She thanked the Board for their leadership and said they look forward to helping the Board prevent caps.

Hellan Dowden, Teachers for Healthy Kids, said they are sending a letter to the Governor and will provide the Board with a copy.

Vivian Huang of the California Primary Care Association said her organization is also very strongly opposed to an enrollment cap. They are encouraged by the Board's action.

SB 2 UPDATE

Ms. Cummings reported that since the Board's last meeting the superior court in Sacramento had ruled that the ballot initiative to overturn SB 2 was misleading in

that it characterized the mandate of SB 2 as applying to employers of 20 to 50. The initiative sponsors intend for the initiative to appear on the March ballot and will appeal the ruling. Mr. Figueroa said he was informed by Beth Capell that the March ballots have already been sent to the counties for printing (without the initiative). He asked Ms. Rosenthal if MRMIB would be stopped from proceeding with the work it is required to do in order to implement SB 2 if the initiative is enjoined by the appellate court. Ms. Rosenthal said she would report back to the Board with an answer.

Ms. Cummings has been developing a scope of work for consultants to write a request for proposal (RFP) for papers addressing the list of SB 2 topics discussed at prior Board meetings (and available on the website at www.mrmib.ca.gov). The California HealthCare Foundation has agreed to fund the consultant and the issue papers.

Chairman Allenby asked for any public comment. Melissa Jones, representing the California Association of Public Hospitals, stated she was unable to attend prior meetings to express her appreciation of the Board's undertaking this complex legislation. The Association has focused on two of the many issues SB 2 raises. It is concerned that contracting provisions include safety net providers who have a vital role in serving low income populations. It also is concerned about the ramifications of premium assistance on hospitals and the Medi-Cal program. They would like assurance that the manner in which premium assistance is implemented does not get in the way of Medi-Cal's ability to meet the needs of the people it serves.

Vivian Huang, California Primary Care Association, said she shares the same concern as Ms. Jones regarding safety net providers. The Association would like assurance that community clinics will continue to serve their current population, and that HFP subscribers do not become displaced.

Chairman Allenby thanked them for the comments and asked if there were any further comments or questions; there were none.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry (SPE) Reports

Ernesto Sanchez reported that there are 699,000 children enrolled in HFP as of December 17, 2003. He reviewed enrollment data that included the ethnicity and gender of subscribers, the top five counties in enrollment, SPE statistics, and the breakdown of applications processed with and without assistance.

Ms. Cummings pointed out that as a result of the announcement of a cap on enrollment, in the past month the number of applications reached an all-time high of 31,459, with the number of applications tripling on some days. The enrollment report is available on the internet at www.mrmib.ca.gov.

Administrative Vendor Performance Report

Mr. Sanchez presented the Administrative Vendor Performance Report for November. Electronic Data Systems (EDS) is currently the administrative vendor for HFP and SPE. EDS met all seven performance standards for HFP and all four performance standards for SPE. Chairman Allenby asked if there were any questions or public comment; there were none.

Administrative Vendor Transition Status

Ms. Cummings reported on the status of the administrative vendor transition. This is the last month this work plan will be presented since MAXIMUS will become the new administrative vendor effective January 1, 2004. She reviewed the changes to the work plan since the last meeting. She was impressed by the readiness of the MAXIMUS facility when she made a recent tour. Stress testing has indicated the system at MAXIMUS is capable of handling the high volume of information required of it. The fact that the system can process EDS legacy data, the riskiest aspect of the transition, is a testament to MAXIMUS and MRMIB staff. Processing of new applications and determination of eligibility for HFP is functional, and the SPE correctly sorts applications to the appropriate program. Final testing and the big "end-to-end" are expected to be accomplished by December 24. There remain difficulties interfacing with the Medi-Cal data base, 60% of which have been resolved. Irma Michel is working with the Department of Health Services on the remaining two elements.

MAXIMUS has put a back-up system in place so that it can run the program from Texas should anything go wrong at its Folsom facility. Phase-out will occur on December 24, at which time SPE will cease at EDS and staff will oversee the physical move of items going from EDS to MAXIMUS. Ms. Michel, Mr. Sanchez, Ms. Soto-Taylor and four or five of the staff from the eligibility unit have relocated to the MAXIMUS facility. They will remain there over the next month or two.

Dr. Crowell expressed concern about the processing of applications by December 31 so that the cap would be as high as possible. Ms. Michel said MRMIB staff will be assisting with the processing of applications. Ms. Cummings added that even though the trailer bill language calls for a cap effective January 1, the proposed cap can not take place until it is passed by the legislature. The legislature is most likely waiting to see the Governor's budget due in mid-January. The earliest a cap could take effect would be some time in February.

Mr. Mendoza asked about the administrative vendor's ability to inform applicants in the event an enrollment cap is enacted. Ms. Michel said some changes would need to be made to the system in order to notify applicants. When asked by Mr. Mendoza how long it would take to make the changes, Ms. Michel replied it

would take approximately two to three weeks. Staff has been pinpointing some of the items that will need to be done first. An eligibility determination would need to be made before applicants can be put on a waiting list. Staff is prepared to do whatever it takes to get the changes accomplished quickly. Also, applicants can utilize the appeals process. Chairman Allenby asked if there were any further questions or public comment; there were none.

Quality Improvement Work Group Report

Lorraine Brown gave an oral update on the Quality Improvement Work Group (QIWG). The QIWG and its Dental Quality Subcommittee (Subcommittee) have each met once since the September 24 Board meeting. The Subcommittee worked on the development of new quality measures. In addition to the existing measures, which include annual dental visits, routine teeth cleanings, an initial dental exam, and an oral health assessment within 120 days of enrollment, the Subcommittee identified four new measures:

- The number of one-year-olds who have had a dental visit,
- A comparison of emergency visits to preventive visits,
- A comparison of emergency visits to restorative visits, and
- Tobacco and nutritional counseling and oral hygiene instructions vital to preventive dental care.

The reporting specifications for the number of one-year-olds who have had a dental visit have been completed. Reporting specifications for the comparison of emergency visits versus preventive and restorative visits, including a cost comparison, needs additional discussion. The Subcommittee also decided to investigate further the options for promoting tobacco and nutritional counseling and oral hygiene instructions.

The full QIWG worked on resolving the outstanding issue of access to interpreter services. The members agreed on the need to assess access, but disagreed on how to do so. The NCQA has used, but discontinued, a measure which it found was not a good indicator of access. The work group discussed the possibility of using the discontinued measure and some other measures which might work. However, there was no agreement. Work group members are going to gather more information and revisit the issue at their next meeting in January or February. Additionally, even though California appears to be out in front of the rest of the country, they felt discussions with other organizations and states may turn up some innovations.

Chairman Allenby asked if there were any questions or public comment. Lorraine Velarde, Director of Training and Community Liaison at EDS, asked to comment on a new topic. She noted that this meeting was the final one in which EDS was the administrative vendor. She wanted to take this opportunity to publicly thank MRMIB staff for their true partnership with EDS in serving the needs of HFP

subscribers. EDS was there for the birth of the program and the five years since. The list of accomplishments achieved during EDS's tenure are numerous. At least 17 enhancements have been accomplished, including reduction of the 13-page application to 4 pages, establishment of the SPE and the bridge, and implementation of Health-E-App. As a result of staff's commitment, EDS is proud to be handing over 700,000 subscribers, and they continue to stand ready to assist in the success of the transition to MAXIMUS. Mr. Figueroa expressed his gratitude to EDS. Of all the transitions he has seen over time, none have maintained the impressive performance standards EDS has met. The other members of the Board heartily concurred and articulated their gratitude to EDS as well. Ms. Michel commended EDS for working so closely with staff as true partners to the end to ensure the transition goes smoothly. She said this is not a good-bye, but instead best wishes for a happy holiday. The audience applauded.

ACCESS FOR INFANTS AND MOTHERS (AIM) UPDATE

Enrollment Report

Mr. Sanchez reported that there are currently 4,958 mothers and 11,200 infants enrolled in the program. He briefly reviewed the enrollment data that including ethnicity, infant gender percentage, and the counties with the highest percentage of enrollment. Chairman Allenby asked if there were any questions or public comment; there were none.

Reprocurement

Joyce Iseri presented the first draft of the AIM reprocurement package. This draft will go to the plans after today's meeting to provide them an opportunity to respond with any comments by January 9. The final solicitation package will be presented to the Board for approval at the January meeting. She thanked the Deputies, including Janette Lopez who stood in for Ms. Michel; and staff, in particular, Sarah Soto-Taylor, Dennis Gilliam, Stuart Busby, Mary Watanabe, Dinorah Torza, and JoAnne French. For continuity in adding AIM infants to HFP, reprocurement is being limited to 24 HFP plans, of which 8 are participating in AIM. AIM infants are exempt from the proposed enrollment cap so long as the mother notifies the plan within the time period specified. If the mother does not get her newborn enrolled timely, then the infant's application falls in line with all other HFP applications and would be subject to the (proposed) enrollment cap. Ms. Gotlieb thanked Ms. Iseri for making that clarification and expressed her concern that mothers be made fully aware of the consequences of not enrolling their newborn in time to avoid the infant being placed on a waiting list. Ms. Iseri explained the measures that will be undertaken to assist the mother in getting her infant enrolled in HFP, including notification letters and telephone calls.

Since over 40% of the mothers are Latina, C & L requirements are being added patterned after the HFP contract. Since there are far fewer subscribers in AIM

(compared to HFP), the C & L requirements will focus on having plans make arrangements to have interpreter services available. Plans are also being encouraged, but not required, to translate their evidence of coverage (EOC) materials. Translated written materials must adhere to the same quality standards as in HFP. New to this AIM contract is the request that plans differentiate between administrative costs and the cost of providing benefits. Plans will also be required to get approval before changing their service area. Reporting and notification procedures corresponding to changes that will be made when the AIM administrative vendor changes have been streamlined.

The term of this contract will be three years instead of two. The selection criteria will remain the same. A bidders' conference will be held at the end of January or early in February. Staff will then review the proposals, negotiate rates, review redline changes, and prepare its recommendations for award of the contracts for the Board's approval at its April meeting. The contracts will become effective July 1, 2004. Concurrently, HFP and AIM regulations will be presented to the Board at the January meeting. Ms. Iseri noted the changes made to the model contract in order to implement AB 1762 which shifts AIM infants to HFP. These changes include the requiring that mothers provide timely notice of their baby's birth to the appropriate plan so the infant is enrolled into HFP. Plans are required to notify MRMIB within five days of being notified of the infant's birth so the administrative vendor can complete enrollment and assist the family in the selection of a pediatrician?

Ms. Gottlieb asked for clarification of the category "other" regarding compensation (item 7 of the fact sheet). Ms. Cummings said this solicits more detail from the plans for purposes of developing the rate template. Mr. Mendoza asked if the model contract is consistent with SB 853 regarding access to C & L services. Ms. Iseri said HFP contracts will have to conform to SB 853, but language specifying this was not included because all plans have to comply with the Knox-Keene Act. SB 853 is not applicable to AIM. Mr. Mendoza said specific language would provide some leverage, even if there are only 5,000 subscribers. Ms. Iseri replied that since this is a new requirement for AIM, the focus is on interpreter services as opposed to written materials. HFP is already set up with interpreter services. Ms. Brown added that the language in the AIM contract is general enough to avoid conflict with SB 853. Chairman Allenby asked if there were any further questions or public comment; there were none.

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report

Mr. Sanchez reported that there are 7,679 people currently enrolled in the program, of whom 2,312 were enrolled in 2003-04. As of December 1 there are 72 on the waiting list serving the post-enrollment waiting period. An additional 17 were disenrolled since last month pursuant to AB 1401, bringing the total number

of 36-month disenrollments to 9,590. Since the number of subscribers is below the enrollment cap, a letter was sent to agents and brokers notifying them MRMIP is open to enrollment. He reviewed the enrollment data that included the counties with highest percentage of enrollment, and the percentage by age and gender.

The meeting was recessed for executive session. At the conclusion of executive session, Chairman Allenby reconvened the meeting. There being no further business to come before the Board, the meeting was adjourned.